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U.S.-- Interstate Commerce com-
mission

Allowances for transfer of
sugar

BEFORE THE
Interstate Commerce Commission

IN THE
MATTER OF ALLOWANCES } No. 1487.
FOR TRANSFER OF SUGAR. }

INFORMAL ARGUMENT ON BEHALF OF INTERESTS
DISCRIMINATED AGAINST THROUGH THE MANIP-
ULATION OF ALLOWANCES FOR ACCESSORIAL
SERVICES, SUCH AS LIGHTERAGE, FLOATAGE AND
CARTAGE ON SUGAR IN NEW YORK CITY.

WARD W. PIERSON,
Counsel.
FRANK L. NEALL.

PHILADELPHIA, September 19, 1908:

New York Trunk Line
Railroads Represented: { New York Central and Hudson River R. R. Co
West Shore Railroad Co.
Lehigh Valley Railroad Co.
Erie Railroad Co.
Delaware, Lackawanna & Western R. R. Co.

EXTRACT FROM BRIEF OF COUNSEL OF NEW YORK TRUNK LINES (page 9)

"The result is that the carriers at New York, in order to compete with the carriers at Philadelphia in so competitive a traffic as sugar, must bear the expense of the delivery of such traffic to their terminals. With reference to most commodities, we have found that if we bear the lighterage expense, we have reasonably equalized the manufacturers of the two places. It has been found, however, that with respect to sugar such concession would be insufficient to protect the New York sugar interests in competition with the Philadelphia refineries."

THE BRIEF CONTINUES (page 31):

"The Commission has repeatedly ruled
that **it** will not by an adjustment of rates or
facilities offered by a carrier undertake to equal-
ize the natural advantages of location."

Lighterage allowance on sugar (sworn testimony) 4 1/5c. per 100 lbs.
Drayage or Cartage allowance on sugar (sworn testimony) . . 2c. " " "
Aggregating 6 1/5c. per 100 lbs.
or \$1.39 per ton of 2240 lbs.

Differential **Nominally** allowed Philadelphia 2c. per 100 lbs.
Differential **Actually** allowed New York 6 1/5c. per 100 lbs.
(under name of accessorials)

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BEFORE THE

Interstate Commerce Commission

IN THE MATTER OF ALLOWANCES FOR TRANSFER OF SUGAR.	} No. 1487.
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INFORMAL ARGUMENT ON BEHALF OF INTERESTS DISCRIMINATED AGAINST THROUGH THE MANIPULATION OF ALLOWANCES FOR ACCESSORIAL SERVICES, SUCH AS LIGHTERAGE, FLOATAGE AND CARTAGE ON SUGAR IN NEW YORK CITY.

Important as this case is to the parties and to the localities directly concerned, its vital importance lies in the fact that it tends to illustrate in a startling manner what is believed to be A FUNDAMENTAL PRINCIPLE: That accessorials, viz., charges for outside operations or services rendered by a Railroad, such as lighterage, floatage or cartage, or any expense or allowance other than those incident to strictly *rail transportation*, should never be an integral part of a freight rate. On the contrary, every freight rate should be so divided as to differentiate the charge for strictly rail transportation from any other charge, such as for prior or subsequent accessorials. This would allow one or all of the services to be availed of by each individual shipper or consignee according to his special requirements. It would prevent the shipper or consignee from being charged a pro rata share for cost of services not desired, required, or availed of. It would terminate a favorite form of rebating still in constant use known as an *allowance*.

REASONS FOR INTERVENTION.

In the Brief of Counsel for the New York Central & Hudson River Railroad Co., the West Shore Railroad Co., the Lehigh Valley Railroad Co., the Erie Railroad Co., and the Delaware, Lackawanna & Western Railroad Co., "In the matter of Allowances for Transfer of Sugar," the following appears, on page 48 :

"We invite any proceedings by a Philadelphia shipper, alleging that payment of this allowance discriminates against him in view of his lesser rate."

One of the undersigned is a member of a firm that, acting as agents of owners of vessels delivering cargoes of sugar at Philadelphia, New York, and Boston, has handled hundreds of thousands of tons of sugar within recent years. For a period of twenty years he has had direct charge of compiling current statistics of sugar imports and receipts at the respective United States Ports, and in consequence is in close touch with the Sugar situation, and cognizant of facts which affect the transportation of sugar. Therefore we accept the invitation, and, with the permission of the Commission, make it our excuse for intervening in this case.

THREE GENERAL PROPOSITIONS ARE INVOLVED.

First. The testimony now in the hands of the Commission in this case and in the Federal Sugar Refining Co. case (No. 1082), demonstrates that the manipulation of accessorial charges and allowances in New York City and the payment thereof by railroads to specially favored interests, does discriminate against Philadelphia in the matter of freight rates.

The discrimination produced between one shipper and another, between one class of traffic and another, between one locality and another, and between one carrier and another, by the manipulation of accessorials, is notorious. Not only does the manipulation of accessorial charges in New York City result in discrimination, but also it is a sinister device by means of which the demand for rebates is satisfied, and Interstate Commerce Laws are subverted.

Second. While we expect to show, with very little effort, that there is gross discrimination against Philadelphia, the facts brought out at the hearings in the above mentioned cases involve a much broader problem than a mere local question between the neighboring cities of Philadelphia and New York. The development of this broader situation unquestionably involves the entire problem of terminal services and accessorials, and their relation to freight rates.

In order to secure inordinate profits through the appropriation of accessorials, certain interests have compelled railroads to aid them to divert a large traffic from the most direct, natural, and least expensive route, thus entailing tremendous economic waste. Once the railroads are freed from demands for accessorial allowances, the economic waste which inevitably flows from the artificial conditions now maintained can be readily converted into legitimate railroad profits, and the alleged necessity for advance in freight rates will to that extent be obviated.

Third. Unless The Interstate Commerce Commission wisely, firmly and promptly intervenes, and requires the separation of the rate for strictly rail transportation from the rate or rates for prior or subsequent services, it will, ere long, be involved in complications and conflicting decisions from which there will be no escape. Its conclusions will frequently be inequitable, through no intentional bias or prejudice, but through inability to ascertain all the facts in a multitude of cases, or to grasp and analyze confusing details that may be purposely interjected into a given situation by interested parties.

SCOPE OF ARGUMENT.

We expect to show :

Point One.—That accessorial charges, or expenses, or allowances, included as an integral part of a rate of freight, readily become a subterfuge whereby the payment of a rebate is accomplished.

Point Two.—That accessorial charges, or expenses, or allowances, included as an integral part of a rate of freight, necessarily produce discrimination.

Point Three.—That accessorials included as an integral part of a rate of freight, deprive the Railroad Company of revenue properly belonging to it.

Point Four.—That the long continued practice of paying accessorial expenses out of the freight rate, the interest of powerful patrons profiting thereby, and the pressure of competition, make it impossible for the Railroad Companies, on their own initiative, to accomplish any radical changes.

Point Five.—That as the accessorial requirements of shippers or consignees vary in almost every individual case, questions growing out of conditions similar in principle to those now before The Commission will be multiplied to such an extent that The Commission will soon be overwhelmed by a vast number of complaints.

Point Six.—That it will be found impossible to decide equitably between conflicting interests in a multitude of substantially analogous cases.

Point Seven.—That the only course open to The Interstate Commerce Commission is to lay down an equitable principle applicable in general to all cases which may arise.

Point Eight.—That the only principle which will apply generally to all cases is a complete separation of the rate for rail transportation from the rates for accessorials.

POINT ONE.

ACCESSORIAL CHARGES OR EXPENSES OR ALLOWANCES INCLUDED AS AN INTEGRAL PART OF A RATE OF FREIGHT, READILY BECOME A SUBTERFUGE WHEREBY THE PAYMENT OF A REBATE IS ACCOMPLISHED.

In the brief of New York Trunk Line Railroad Companies, in the case referred to in the caption of this brief, it is explicitly stated by the learned counsel (page 9) that “with reference to most “commodities, we [meaning New York Trunk Line Railroads] “have found that if we bear the lighterage expense we have

“reasonably equalized the manufacturers of the two places [meaning Philadelphia and New York]. It has been found, however, that with respect to sugar, such concession would be insufficient to protect the New York sugar interests in competition with the Philadelphia refineries.”

This is a voluntary statement that the accessorials are used by New York Trunk Line Railroads intentionally and deliberately to deprive the manufacturers of Philadelphia of the natural advantages of their location. Perhaps inadvertently, perhaps intentionally, at page 31 of the same brief, the same Trunk Line counsel state that “The Interstate Commerce Commission has repeatedly ruled that *it* will not, by an adjustment of rates or facilities offered by a carrier, undertake to equalize the natural advantages of location.” The inference is plain. We offer no comment.

These statements, however, lead us to make two queries. *First*: How is the system operated whereby Trunk Line Railroads are able to overcome the natural advantages and facilities of Philadelphia? *Second*: Why have Trunk Line Railroads felt constrained to create and maintain unnatural conditions in New York City so as to overcome the naturally advantageous commercial position of Philadelphia? We need not go far to find a complete answer to both queries. We need only to search out the underlying purpose and observe the practice of certain Trunk Line Railroads in the payment of accessorial charges to New York refiners of sugar. These accessorial charges are for alleged services prior to the time when actual rail transportation begins. They are euphemistically styled allowances. Their proper name is rebates.

Raw sugar direct from Java, Hawaii and Cuba is received and refined in New York and in Brooklyn. The refined product ready for consumption is carted from the refinery to the water's edge; thence it is lightered or floated across the harbor to the Jersey City, Hoboken and Weehawken Terminals of Trunk Line Railroads. The distances consignments of sugar are carted by the refineries, and for which they are paid by the railroads accepting the consignments, vary from no distance whatsoever in a majority of cases, to, say, three-fourths of a mile. For this service the refining companies receive from the Railroads 2c. per 100 pounds.

As a business proposition, we submit that there is only one sugar refinery in New York, viz., the Havemeyer & Elder Refinery, Brooklyn (American Sugar Refining Co.), that is without direct rail connection. The claim that the refinery of the Arbuckle Brothers is without rail connection cannot be allowed, since the tracks of the Jay Street Terminal run alongside their buildings, and the Jay Street Terminal is owned by the same parties who own the refinery. (See Exhibit A.)

Wherever no cartage service is performed a free gift of 2c. per 100 pounds shipped is accorded the sugar refining company. In no case is the service actually rendered commensurate with the charge forced upon the railroads for its performance. This, then, is the first step in a series of disguised rebates, for to whatever extent the service and the charge are not commensurate, to that extent is a rebate paid. While it is too patent to require assertion, we deem it worth while to add, that, where a charge is fixed and paid and no service performed, or where a charge high or low is fixed and paid and an unnecessary service performed, that in such instances there is a useless burden placed upon transportation, and an inexcusable economic waste.

At the water's edge the sugar is loaded into cars, into lighters, or into car floats, and transported from New York or from Brooklyn, across the harbor to Trunk Line Railroad Terminals—a distance of say five miles. For this service the railroad allows (out of the freight rate) $4\frac{1}{2}$ c. per 100 pounds on all sugar destined to points West of the western termini of Trunk Lines, *i. e.*, Buffalo, Erie, Pittsburg, Wheeling, etc., and 3c. per 100 pounds on all sugar destined to points East of those termini. That is to say, before New York Trunk Line railroads ever turn a wheel they make an allowance out of the freight rate of 2c. for cartage and $4\frac{1}{2}$ c. for lighterage, in all $6\frac{1}{2}$ c. per 100 pounds, to bring a certain commodity *to them* in order that they *may carry* it. That such a condition is economically unwarrantable is obvious. The real vice, however, becomes apparent when we learn, that not only do the refining companies receive the allowance for cartage already pointed out, but the transfer and terminal companies which perform the lighterage service for the greater part of the output of the refineries are owned or controlled by the refiners themselves, though incorporated under other names. Therefore the net rate of freight to the refiner is the difference between the published

rate and the allowance. If by any chance the refiner should make a profit out of the service performed for the stated allowance, to that extent a rebate is enjoyed. As a matter of fact, the sum of $6\frac{1}{5}$ c. per 100 pounds paid by Trunk Line Railroad Companies to the Sugar Refining Companies, or their offspring the Terminal Companies, covers not only the actual cost of cartage, and lighterage, or floatage, but it includes a sufficient sum additional to guarantee a fabulous profit.

The following comparative statement, exhibiting allowances actually made by New York Trunk Line Railroads for cartage or transfer, and lighterage, or floatage of sugar between the refineries and the railroad terminals, and a liberal detailed estimate of actual costs of performing the respective services, shows a profit of approximately 200 per cent. now accruing to the sugar refiners for transporting their own merchandise to the railroad terminals. (See Exhibits B, C.)

PROPOSITION:—Car floats containing 10 or more cars each. Each car containing at least 50,000 pounds, gross weight, of sugar. Movement, Brooklyn Eastern District Terminals, or Jay Street Terminals to Jersey City, Hoboken, Weehawken or 60th Street.

Allowances under present conditions—

10 cars of sugar (500,000 pounds gross weight) @ 2c. for cartage + $4\frac{1}{5}$ c. lighterage, per 100 pounds	\$310.00
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(Note.—These are the rates of allowances made by Trunk Line Railroads to New York Refineries on sugar destined to or beyond Western Termini.)

Estimated actual disbursements or costs in above connection, for cartage, transfer, or manipulation of sugar from refineries to aboard cars at B. E. D. T., J. S. T. etc. 500,000 pounds @ 1c. per 100 pounds	\$50.00
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Shifting and handling cars from floats
through ferry bridges to terminal tracks
and *vice versa*, \$1.50 per car..... \$15.00

(Note.—In many instances cars are loaded
without removing from floats. In such cases no
shifting expense is incurred.)

Floating cars—Jersey City to B. E. D. T.
and J. S. T. light and returning loaded
cars from B. E. D. T. and J. S. T., to
Jersey City, \$4.50 per car for round
service 45.00 \$110.00

Leaving net \$200.00

(Say upon 500,000 pounds sugar, 4c. per 100 pounds profit.)

The New York sugar refiners are allowed $6\frac{1}{2}$ c. per 100 pounds out of the published rate of freight for transferring their product to the Railroad Terminals. Four cents of this is profit. This 4 cents profit operates not only as a rebate, but as a discriminating rebate. It is not called a rebate. It is called an allowance. But, regardless of the particular expression, the concession clearly effects a reduction of $6\frac{1}{2}$ c. per 100 pounds from the published rate of freight. In this situation lies the greatest vice of giving terminal allowances.

POINT TWO.

ACCESSORIAL CHARGES OR EXPENSES OR ALLOWANCES INCLUDED AS AN INTEGRAL PART OF A RATE OF FREIGHT NECESSARILY PRODUCE DISCRIMINATION.

Accessorial allowances not only permit, but actually induce discrimination. No better illustration can be offered than the discrimination now being suffered by independent sugar refiners. (See testimony, Federal Sugar Refining Co., case No. 1082.)

We believe the following statements to be self evident:

If the published rate of freight on one commodity contains accessorial allowances not granted to another commodity, there is discrimination *between different commodities*.

If the published rate of freight on one commodity contains allowances which make the net rate too low, and carriers are obliged to recoup themselves by increasing rates of freight on other commodities, there is discrimination *between different classes of traffic*.

If the published rate of freight contains an allowance, say for lighterage, and the man who loads his freight directly into cars has to pay the same rate as one whose merchandise is lightered, there is *discrimination between shippers*.

If the published rate of freight contains an allowance, say for cartage, and the shipper who loads his freight directly into cars receives the same allowance as the one who actually furnishes cartage, there is discrimination *between shippers*, and further, it is unlawful to make an allowance for a service not rendered.

If the carriers serving one locality are permitted to make allowances out of a published rate of freight, and the carriers serving another locality are not permitted to make similar allowances, there is discrimination *between carriers*.

Finally, if the carriers serving one locality make an allowance out of the published rate of freight, and the carriers serving another locality do not make an allowance out of the published rate of freight, there is discrimination *between localities*.

The testimony now in the hands of the Commission shows, conclusively, that these discriminations are the daily practice of Trunk Line Railroads.

Our argument is here concerned with the discriminations suffered by Philadelphia. As already indicated at page 6 of this brief, the refiners are allowed $6\frac{1}{2}$ c. per 100 pounds, out of the published freight rate, for bringing the sugar to the railroad terminals. Also, it is admitted by counsel of New York Trunk Line Railroads, that the net or legal rate of freight is the gross rate less the allowance for cartage. If this is true of cartage, it is also true of lighterage, and the net or legal rate is therefore the gross rate less the allowance for both lighterage and cartage. To illustrate this point, let us take a concrete example. The published tariff rate on sugar from New York to Cleveland is 17c. per 100 pounds. Out of this rate, as previously stated, an allowance is made of $6\frac{1}{2}$ c. per 100 pounds. The net freight rate

actually received, then, on sugar from New York to Cleveland is not 17c., but $10\frac{4}{5}$ c., or less than 64 per cent. of the published freight rate.

In striking contrast to this New York-Cleveland (623 miles) net rate of $10\frac{4}{5}$ c. is the Philadelphia-Cleveland (503 miles) net rate of 15c. With these two rates in mind, let us revert to the statement quoted above from of the Brief of Counsel for New York Trunk Line Railroads (pg. 9): "With reference to most commodities, we have found that if we bear the lighterage expense we have reasonably equalized the manufacturers of the two places. It has been found, however, that with respect to sugar, such concessions would be insufficient to protect sugar interests in competition with the Philadelphia refineries." The significance of this statement is that it is necessary, after wiping out the freight differential, to further handicap Philadelphia $4\frac{1}{5}$ c. per 100 pounds in order to place New York on an equal footing in the matter of refining sugar.

Philadelphia is 100 miles farther inland than New York, and therefore at an advantage as to rail transportation to or from the West and South. On these grounds, Philadelphia has claimed, and for twenty-five years has been conceded a nominal differential in railroad rates. The whole fabric of inland freight rates has been built upon the recognized justice and propriety of according to Baltimore and Philadelphia a differential under New York City rates. These inland differential rates are the peaceful outcome of rate wars, litigation, and bankruptcies, and finally, of mutual concessions and equitable recognition of varying local advantages and disadvantages. (See **Exhibit E.**)

From testimony now in the hands of the Commission, it appears that, while Philadelphia sugar refiners should enjoy a differential of 2c. per 100 pounds under New York, the New York and Brooklyn sugar refiners are now and for many years have been enjoying the benefit of a differential of $4\frac{1}{5}$ c. per 100 pounds under the rates actually paid from Philadelphia.

For thirty years Philadelphia has struggled, not for commercial supremacy, but for commercial existence. In this connection, the annexed figures in reference to the receipts of sugar respectively at Philadelphia, New York and Boston, 1890, 1892 and 1907 are significant:

	1890	1892	1907
PHILADELPHIA,	357,117=29.44%	484,986=34.60%	339,706=17.55%
NEW YORK,	704,507=58.08%	727,190=51.87%	1,411,714=72.95%
BOSTON,	151,285=12.48%	189,603=13.53%	183,848= 9.50%

The total receipts of sugar at the three ports in 1890 were 1,213,000 tons, of which Philadelphia received 357,000 tons and New York 704,000 tons. When, however, in 1907, the total receipts of the three ports had increased to 1,935,000 tons, New York had doubled her receipts, say from 704,000 tons to 1,412,000 tons, or 72.95 per cent. of the total receipts, while Philadelphia had decreased her receipts from 357,000 tons to 340,000 tons, or only 17.55 per cent. of the receipts of the three ports.

In 1892, Philadelphia refined within 243,000 tons of as much sugar as New York, but in 1907 New York refined over 1,000,000 tons more sugar than was manufactured at Philadelphia. For many years past, Philadelphia has had, and she has at the present time, modern sugar refining capacity to refine 100 per cent. more sugar per annum than she has ever been permitted to manufacture.

During 1907 there was refined at New York 1,411,000 tons sugar, of which 600,000 tons were shipped to Trunk Line territory. The allowances thereon for lighterage and cartage at 6½ c. per 100 pounds, amounted to \$825,000.

The following United States Government statistics effectually dispose of the familiar cry that the commerce of the Port of New York has declined. In 1860 the value of imports and exports at New York amounted to \$301,600,000, which equaled 44 per cent. of the total imports and exports of the United States, \$687,192,000. In 1907 the imports and exports of New York had increased to \$1,389,000,000, or 45 per cent. of \$3,055,000,000 exports and imports of the United States.

As late as 1880 the total exports and imports of the United States were \$1,503,000,000. In the calendar year 1907 the imports and exports of the Port of New York amounted to \$1,512,000,000.

An interesting and rather complex situation is presented in the substantially established fact, that the price of sugar, say, in New York, Boston, Philadelphia and New Orleans, is identically the same, and that the cost of transportation from point

of manufacture to consumer alone determines the center from which this necessary of life shall be supplied. Two credible witnesses have stated that "2c. per 100 pounds, 1c. per 100 pounds, $\frac{1}{2}$ c. per 100 pounds, would divert the business from one locality or refinery to another." What, then, must be the effect upon Philadelphia refineries when an advantage is accorded to New York of $4\frac{1}{5}$ c. per 100 pounds in the matter of transportation, and a consequent discrimination suffered to that amount? The testimony in the cases cited shows that the refineries in Baltimore were first dried up and then dismantled. A process of drying up the refineries in Philadelphia has been going on for years, and, unless equitable and normal conditions are restored at once, it is only natural to anticipate a dismantling of these refineries at no distant date. What is true of sugar is also true of grain and other commodities. Philadelphia can hold her own against fair competition, but not against the "Brooklyn Handicap, $6\frac{1}{5}$ per." What enterprise can withstand such great discrimination?

POINT THREE.

ACCESSORIALS INCLUDED AS AN INTEGRAL PART OF A RATE OF FREIGHT DEPRIVE A RAILROAD OF REVENUE PROPERLY BELONGING TO IT.

If we assume the rate on sugar from Philadelphia to Cleveland, viz., 15c. per 100 pounds, to be a reasonable rate—and there is no evidence to show that it is not—then the rate from New York to Cleveland (for a 10 per cent. longer haul) should be, say, 17c. per 100 pounds, which is in fact the published rate. Out of this published rate, as admitted, $6\frac{1}{5}$ c. per 100 pounds is returned to the refiner as an accessorial allowance. The railroad is thereby deprived of over 36 per cent. of the revenue to which it is justly entitled.

Two courses are open to railroad companies. Bear the loss as long as they can stand it (no business can run indefinitely at a loss), or recoup themselves for the loss by increasing the rates for other commodities or to other localities. Increased

rates to other localities have long been in vogue. Increase in rates for other merchandise is the only course left, and this course railroads are making extensive plans to follow. Already propaganda is under way to educate the public up to the necessity of raising freight rates.

We do not offer to question the assertion that certain railroads are facing deficits. Nor do we raise the issue as to whether rates of freight are too low, or too high. But we do assert that an advance in rates of freight is indefensible so long as over 36 per cent. of the gross rate of freight on sugar from New York to Cleveland is donated by Trunk Line Railroads to New York sugar refiners. **(Carefully note Exhibit B.)**

No matter whether a deficiency in revenue is caused by rebating, or by allowances, which may readily be rebates in thin disguise, the ultimate effect is the same. By process of infiltration, the pernicious practice of making allowances out of rates of freight reaches every part of the railroads' financial system. Someone must pay for such economic waste. Shall men be discharged, wages cut, or freight rates advanced that New York Sugar Refiners may be able to make the railroads into paying them enormous sums of money annually for comparatively inexpensive services?

The actual profit on accessorials to New York refiners is about 4c. per 100 pounds. The Philadelphia refiners, strangely enough, pay a net freight rate 4c. higher than the New York net freight rate. This we offer as a striking illustration of the practical effect of railroads recouping themselves for discriminations practiced in favor of refiners in one locality, by exacting excessive freight charges from refiners in another locality. To follow our previous illustration, either the net Philadelphia-Cleveland rate is too high, or the net New York-Cleveland rate is too low. If the latter be true, then the entire public ought not to suffer by a general increase in freight rates, but rather those rates which are now too low ought to be advanced. In either event, there should be a readjustment of rates. If railroads are making a fair return on their investments, the Philadelphia-Cleveland rate should be scaled down, and the New York-Cleveland rate should be increased to maintain a proper balance. If railroads are not making a fair return on their investments, and they declare they are not, then it follows as by demonstration, that the enormous

charges fixed upon them by the payment of accessorials in New York must be a prominent factor in causing the aggregate deficiency. From the foregoing it is evident that allowances for accessorials do deprive the railroads each year of millions of revenue properly belonging to them.

Accessorial allowances should therefore be shifted so as to be borne by the proper parties. That is to say, that railroads should themselves perform all the services which are essentially a part of rail transportation. If they are called upon to perform additional services, a fair compensation should be received therefor. In no case should an allowance for the performance of essentially rail transportation or any additional service be made out of the freight rate. Terminal allowances are undoubtedly manipulated elsewhere as in New York with intent to hinder, to delay, and to circumvent The Interstate Commerce Commission in its just and beneficent administration of the law.

POINT FOUR.

THE LONG CONTINUED PRACTICE OF PAYING ACCESSORIAL EXPENSES OUT OF THE FREIGHT RATE, THE INTEREST OF POWERFUL PATRONS PROFITING THEREBY, AND THE PRESSURE OF COMPETITION MAKE IT IMPOSSIBLE FOR THE RAILROAD COMPANIES ON THEIR OWN INITIATIVE TO ACCOMPLISH ANY RADICAL CHANGE.

It has been testified in the cases cited that accessorial allowances date back at least twenty-five years, and that they are therefore firmly established. It has been testified that the sugar traffic of the parties benefited by these particular allowances represents 30 per cent. of the westbound tonnage from the Port of New York. It is well known that the sugar refiners of New York sell their sugars f. o. b. New York, to which, they state, they add the Philadelphia rate of freight to destination. It is notorious that the manufacture of sugar in the United States is controlled by the American Sugar Refining Company. (See Exhibit D.) It is only natural that the sugar refiners, having first obtained absolute

monopoly of the shipping and routing of their refined product, should then seek ways and means to use that control for their own ends. The result has been that the New York Trunk Line Railroads have been compelled, upon threat of removal of refineries to other sections of the United States, to submit to the demands of the New York refining interests, and to make the extravagant allowances for alleged services of lighterage and cartage amounting to $6\frac{1}{5}$ c. per 100 pounds. The immense refinery now in course of construction by the American Sugar Refining Company in New Orleans is an additional club with which that sugar refining interest will be able, under existing conditions, to compel a continuance of the practice of making accessorial allowances by Trunk Line Railroads, through fear of diversion of business to other communities and railroads, *e. g.*, City of New Orleans, Illinois Central Railroad. Without doubt there are other interests than sugar, also powerful, that are benefited by similar accessorial allowances. It is obvious that no single railroad, and perhaps not all of the railroads combined, could, unaided by The Interstate Commerce Commission, safely inaugurate the radical change imperatively demanded in the present practice of making allowances out of freight rates.

POINT FIVE.

AS THE ACCESSORIAL REQUIREMENTS OF SHIPPERS OR CONSIGNEES VARY IN ALMOST EVERY INDIVIDUAL CASE, QUESTIONS GROWING OUT OF CONDITIONS SIMILAR IN PRINCIPLE TO THOSE NOW BEFORE THE COMMISSION WILL BE MULTIPLIED TO SUCH AN EXTENT THAT THE COMMISSION WILL SOON BE OVERWHELMED BY A VAST NUMBER OF COMPLAINTS.

Testimony in the two sugar cases cited shows that some refiners load their product directly into cars; some cart it one block; some one-half, or three-fourths of a mile; some cart part, and load part into cars; some lighter their product one mile and

some, perhaps, ten miles; and one complainant asks that the lighterage limit of the Port of New York be further extended ten miles in order to meet his particular needs. (See Exhibit "A.")

The whole situation has been admirably summed up in the following manner by members of The Interstate Commerce Commission :

(Case 1487, page 48.) Commissioner Clark says, in regard to the allowance of 2c. per 100 pounds for cartage :

"If it is lawful as to sugar, which forms 30 per cent. of the tonnage, and which involves all these great interests, it is lawful for every other commodity. If it is lawful in New York, it is lawful everywhere else. This is the way the Commission has to look at it. They cannot make any decision that it is lawful to make an allowance of that kind on sugar and refuse it on soap and hay."

(Case 1487, page 60.)

"THE CHAIRMAN: So where does the thing end? If you can make a rate on grain from a country station, can you not say, 'We will allow the farmer 5c. per bushel for bringing it in?' Where does the thing end? That is, if you can allow out of your transportation rate some compensation for the expense incurred in bringing traffic to your cars, where will the thing end?"

If this great disparity of requirements exists in one commodity, and one locality, how much more is it true of many commodities, in many localities? How impossible it will be to adjust equitably the conflicting claims in the various cases which may arise, so long as present practices are permitted to prevail! So many complaints would be brought before The Commission that its entire time would be taken up with this one subject.

POINT SIX.

*IT WILL BE FOUND IMPOSSIBLE TO DECIDE
EQUITABLY BETWEEN CONFLICTING IN-
TERESTS IN A MULTITUDE OF SUBSTAN-
TIALY ANALOGOUS CASES.*

Where so many interests are involved; where there are so many varying conditions concerned; where each case will have

features peculiar to itself; where so many nice distinctions will be drawn; where the most sincere effort to be just to one interest may result in unintentional injustice to another interest—in all these cases, we believe that it will be impossible for any human tribunal to so infallibly decide, as not to conflict with its own decisions in numerous other cases. We believe that it is impossible to administer equitably a practice which is, in itself, essentially inequitable.

POINT SEVEN.

THE ONLY COURSE OPEN TO THE INTERSTATE COMMERCE COMMISSION IS TO LAY DOWN AN EQUITABLE PRINCIPLE APPLICABLE IN GENERAL TO ALL CASES WHICH MAY ARISE.

To avoid the endless amount of work which would be imposed upon The Commission and the impossibility of doing equal justice to all under the present practice, the only possible course for The Interstate Commerce Commission to pursue is to find an underlying principle which will apply to all such cases, and to base all of their decisions upon this principle.

POINT EIGHT.

THE ONLY PRINCIPLE WHICH WILL APPLY GENERALLY TO ALL CASES IS A COMPLETE SEPARATION OF THE RATE FOR RAIL TRANSPORTATION FROM THE RATES FOR ACCESSORIALS.

The sixth section of the Interstate Commerce Act (paragraph one) provides that all terminal charges, etc., etc. (that is all accessorials), shall be published separately. This implies a complete separation of the rate for rail transportation from the rates for accessorials. The intention of the Act, however, has been completely nullified by a narrow interpretation of this

paragraph; for, while under the present practice the rates for accessorial are stated, they are stated as an integral part of the published freight rate so that the shipper who loads directly into cars is compelled to pay the same lighterage or other accessorial allowance as the one who requires the maximum accommodation in the way of accessorial. It is therefore submitted that the rail rate also should be published separately, thus allowing one or all to be availed of by each individual shipper according to his special requirements.

The Interstate Commerce Commission has just issued "Classification of Revenue and Expenses for Outside Operations—first issue—effective July 1, 1908":

The following appears on page 51:

"Outside operations are facilities operated or services rendered by a railway other than those incident to transportation by rail * * * *. Transportation by rail includes the receipt, transportation and delivery of traffic, such as storage of freight as is necessary to the operation of the railway, all special facilities necessary to the handling of special classes of traffic, such as coal and ore docks, coal transfers, and facilities for the receipt and delivery of live stock, and such car ferries as are actual substitutes for bridges and tunnels. It does not include local collection and delivery (except switching) or transportation by water, except car ferries as above provided."

Under account No. 3—"Harbor Terminal Transfers," page 32—we quote as follows:

"This classification applies to the services of transferring freight and passengers in cars by water between the terminal of a rail line and a station of the same line without direct rail connection, or between the terminal of a rail line and the tracks of the connecting carrier, and to the receipt and delivery of less carload freight between the carrier's terminals, and docks, wharves, landings, and steamships, and to the receipt and delivery of cattle, grain, and other freight in bulk in lighters, barges, and other vessels: and covers the transfers operated in New York Harbor and analogous operations elsewhere, if any. * * * *. The cost of cartage and truckage performed to complete deliveries should not be charged to outside operation."

It will thus be seen that in these definitions the line has been sharply drawn between rail transportation and outside

operations. If the revenue and expenses of outside operations are to be completely separated from rail transportation as a principle of accounting, still more is it necessary that outside operation (accessorials) should be separated from rail transportation as a principle of rate making.

If each item of rate be stated separately in the published tariff, that is, that the rate for rail transportation is so much, and the rate for lighterage is so much, and the rate for cartage is so much, etc., etc., then each shipper will avail himself of as much or as little of the facilities offered, as his particular needs may require, and he will pay the published rates for what he actually receives, and for nothing more. The shipper in Jersey City who loads his product into cars will pay only for rail transportation. The shipper in Brooklyn who loads his merchandise into lighters, or on to floats alongside his wharf, will pay for lighterage and rail transportation. The shipper in Brooklyn who carts his merchandise to lighters will pay for cartage, and lighterage, and rail transportation. Each therefore will have the exact advantage or disadvantage of his location, and can avail himself of such services as will meet his special requirements.

The merchant will no longer be charged a pro rata share for the cost of services he does not desire, require, or avail of. The discriminations now practiced with such blighting effect will be no longer possible. Finally, the favorite form of rebating still in constant use, known as an allowance, will be effectually eliminated.

The railroads would thus be relieved of a very serious problem in making an equitable adjustment of rates. They could fix reasonable rates for rail transportation that would not be confused with the cost of outside operations, while the cost of outside operations (accessorials) would be paid for by those only who made use of them. The present serious drain on the revenues of the Railroad Companies from forced concessions to powerful interests in the way of accessorial allowances would be stopped, and the existing unfortunate position of the Railroad Companies, between decreasing rates and increasing expenses, would to this extent be relieved.

For many years we have known the facts brought out in these two sugar cases, but to produce the legal proof of our

knowledge was difficult to accomplish. Now, however, the sworn testimony of officials of Trunk Line Railroads, and of New York Sugar Refining Companies has unequivocally and indisputably established the facts. On these facts we rest our case.

We offer the foregoing statement as one illustration of discrimination and rebating made possible by the manipulation of accessorial charges or allowances. Similar manipulation produces like results in many other commodities, in many other localities.

The remedy for these illegal practices—and we believe it to be the only remedy—was pointed out sixteen years ago by so eminent an authority in matters of transportation as the late Col. Joseph D. Potts:

“We must have a separation of terminal and transfer charges, from the road charges.”

Respectfully submitted,

FRANK L. NEALL.

WARD W. PIERSON,
Counsel.

EXHIBIT A.

(INDEX.)

EXHIBIT "A" is a series of sketches showing :

First.—The Port of New York with the location of the principal Railroads and Steamship Lines. Also the eight sugar refineries lettered from "A" to "H" inclusive. Those having track connections being indicated by white circles. The distances from St. George, Staten Island, to Yonkers and intermediate points are taken from the testimony in the Federal Sugar Refining Co. case.

Second.—The refinery of the National Sugar Refining Co., at Yonkers, having direct track connection with the N. Y. C. and H. R. R. R. This refinery is commonly supposed to be closely affiliated with the American Sugar Refining Co.

Third.—The refinery of the Federal Sugar Refining Co., at Yonkers, having direct track connection with the N. Y. C. and H. R. R. R. Popularly called the Spreckles Refinery.

Fourth.—The refinery of the Warner Sugar Refining Co., at Edgewater, N. J., having on the property an Erie Railway track under construction but not yet in operation.

Fifth.—The refinery of the American Sugar Refining Co. (formerly Matthewson & Wickers Refinery), in Jersey City, N. J., having a Penna. R. R. track on three sides of buildings.

Sixth.—The refinery of the American Sugar Refining Co. (formerly Havemeyer & Elder Refining Co.), in Brooklyn, and in close proximity, the tracks of the Brooklyn Eastern District Terminal Co. (formerly Palmers Docks), owned and operated by the parties composing the firm of Havemeyer & Elder. Most of the product of the Havemeyer & Elder Refinery is shipped from this Terminal.

Seventh.—The Arbuckle Bros. Sugar Refinery and adjoining the same, the tracks of the Jay Street Terminal

over which most of the product of the refinery is shipped, and which is owned and operated by the parties composing the firm of Arbuckle Bros.

Eighth.—The New York Refinery in Long Island City, owned by the National Sugar Refining Co., and having tracks alongside with a capacity of over 20 cars.

Ninth.—The Mollenhauer Refinery in Brooklyn, owned by the National Sugar Refining Co., but not operated for five years. It is used only for the storage of sugar.

Tenth.—A diagram showing the PROPORTION of certain freight rates that is RETURNED to the shipper as an allowance for lighterage, cartage, etc., and the PROPORTION that is RETAINED by the R. R. Co. for actual transportation. This diagram illustrates graphically the gross inequality between published freight rates which cover rail transportation only, and published freight rates on the same commodities out of which an allowance is made for accessorial charges or service.

EXHIBIT B.

WASHINGTON, June 26, 1897.

The House Committee on Interstate and Foreign Commerce today gave a hearing to representatives from New York.

Mr. Erastus Wiman stated that the Interstate Commerce Law as it existed permitted the perpetuation of terminal charges in the harbor of New York greater than existed elsewhere in the world. * * * These terminal charges took on the shape of lighterage, or the cost of transfer from the car to the ship side. * * * This amounted in the aggregate to probably \$10,000,-000 a year, a tribute not exacted in any rival port.

Four-fifths of the products arriving at the chief port of the country (New York) were *received* at Jersey City, were *stored* in Brooklyn, and were *shipped* from New York. It was impossible to conceive of an arrangement more cumbersome, so full of delay and so costly.

In the *Evening Post* of October 19, 1896, in a leading article entitled "Menaces to New York," the following statement is made:

"This circumstance justifies a statement of serious import to this city (New York) not long ago made by Sir William C. VanHorne (Chairman of the Canadian Pacific Railroad Co.) that he could transport a barrel of flour from the dock in Montreal, Canada, to the dock in Liverpool, England, at a less rate than it cost to handle it in the harbor of New York."

*COMPARISON OF ALLOWANCES FOR CARTAGE
AND LIGHTERAGE ON SUGAR IN THE
HARBOR OF NEW YORK WITH RATES OF
FREIGHT ON SUGAR AND OTHER COM-
MODITIES IN OTHER LOCALITIES.*

Allowance by Trunk Line Railroads to New York refiners of sugar, to cover alleged cost of trans- ferring one ton of refined sugar from Brooklyn, N. Y., to Jersey City, N. J., say lighterage $4\frac{1}{2}$ c. per 100 pounds, cartage 2c. per 100 pounds = $6\frac{1}{2}$ c. per 100 pounds, or.....	<u>\$1.39</u> per ton 2240 pounds.
Rate of freight on JAVA sugar, Liverpool, England, to Brook- lyn, N. Y., 3450 miles.....	1.35 per ton 2240 pounds.
Rate of freight on BEET sugar, Hamburg, Germany, to Brook- lyn, N. Y., 4100 miles.....	1.35 per ton 2240 pounds.

NOTE.—The above sugars are brought respectively from Liverpool, England, (3450 miles) and from Hamburg, Germany (4100 miles) direct to the docks of the sugar refineries at Brooklyn, N. Y., and there discharged at a total freight cost of \$1.35 per ton of 2240 pounds. The Trunk Line Railroad Companies at New York ultimately allow the refiners there for subsequently transferring this identical sugar, when refined, from the refineries at Brooklyn, N. Y., to the Jersey City terminals, say a distance of from 3 to 5 miles, 2c. per 100 pounds for cartage and $4\frac{1}{2}$ c. per 100 pounds for lighterage, or say **\$1.39 per ton 2240 pounds.**

Rate of freight on COAL, Buffalo, N. Y., to Duluth, Minn. (by water), 985 miles.....	30c. per ton 2240 pounds.
Rate of freight on IRON ORE, Superior (Duluth), Minn., to Cleveland, O. (by water), 83 $\frac{1}{2}$ miles	70c. per ton 2240 pounds.
Rate of freight on CORN, Chicago, Ill., to Buffalo, N. Y. (by water), 900 miles.....	40c. per ton 2240 pounds.

Rate of freight on WHEAT, Duluth, Minn., to Buffalo, N. Y. (by water), 985 miles.....	60c. per ton 2240 pounds.
Rate of freight on IRON ORE, Superior (Duluth), Minn., to Buffalo, N. Y. (by water), 985 miles	70c. per ton 2240 pounds.
Rate of freight on IRON ORE, Philadelphia, Pa., to Bethlehem, Pa. (by rail), 57 miles.....	50c. per ton 2240 pounds.
Rate of freight on IRON ORE, Philadelphia to Pottstown, Pa. (by rail), 41 miles	50c. per ton 2240 pounds.
Rate of freight on IRON ORE, Philadelphia, Pa., to Birdsboro, Pa. (by rail), 49 miles.....	60c. per ton 2240 pounds.
Rate of freight on IRON ORE, Philadelphia, Pa., to Catasauqua, Pa. (by rail), 66 miles.....	70c. per ton 2240 pounds.
Rate of freight on IRON ORE, Philadelphia to Harrisburg, Pa. (by rail), 112 miles	70c. per ton 2240 pounds.
Rate of freight on IRON ORE, Philadelphia to Steelton, Pa. (by rail), 102 miles.....	70c. per ton 2240 pounds.
Rate of freight on PIG IRON, Conshohocken, Pa., to Philadel- phia (by rail), 13½ miles.....	60c. per ton 2240 pounds.
Rate of freight on PIG IRON, South Bethlehem, Pa., to Phila- delphia (by rail), 57 miles.....	65c. per ton 2240 pounds.
Rate of freight on PIG IRON, Emaus, Pa., to Philadelphia (by rail), 62 miles.....	75c. per ton 2240 pounds.
Rate of freight on PIG IRON, Wharton, N. J., to Philadel- phia (by rail), 140 miles.....	80c. per ton 2240 pounds.
Rate of freight on IMPORTED ORE, Philadelphia to Chester, Pa. (by rail), 18 miles.....	50c. per ton 2240 pounds.

Rate of freight on BARK, Philadel- phia to Park Junction, Pa. (by rail), 9 miles.....	56c. per ton 2240 pounds.
Rate of freight on PIG IRON, Philadelphia to Parryville, Pa. (by rail) 84 miles.....	85c. per ton 2240 pounds.
Rate of freight on PIG IRON, New York, N. Y., to Wharton, N. J. (by rail—includes lighter- age), 78 miles.....	90c. per ton 2240 pounds.
Rate of freight on SPIEGELEISEN, New York to Rockaway, N. J. (by rail—includes lighterage), 87 miles..	\$1.15 per ton 2240 pounds.

Allowance by Trunk Line Railroads
to New York refiners of sugar
to cover alleged cost of transfer-
ring one ton of refined sugar from
Brooklyn, N. Y., to Jersey City,
N. J., say lighterage $4\frac{1}{5}$ c. per
100 pounds, cartage 2c. per 100
pounds = $6\frac{1}{5}$ c. per 100 pounds,
or \$1.39 per ton 2240 pounds.

Rate of freight on ICE, Kennebec, Maine, to Philadelphia, Pa. (by water), 580 miles.....	50c. per ton 2240 pounds.
Rate of freight on COAL, Lambert's Point to New London, Conn. (by water), 395 miles.....	60c. per ton 2240 pounds.
Rate of freight on COAL, Philadel- phia to Boston, Mass. (by water), 450 miles.....	60c. per ton 2240 pounds.
Rate of freight on COAL, Philadel- phia, Pa., to St. John, N. B. (by water), 665 miles.....	85c. per ton 2240 pounds.

Rate of freight on COAL, Philadel- phia to Halifax, N. S. (by water), 725 miles.....	90c. per ton 2240 pounds.
Rate of freight on COAL, New York to Dartmouth, N. S. (by water), 610 miles.....	90c. per ton 2240 pounds.
Rate of freight on COAL, Hampton Roads, Va., to Charleston, S. C. (by water), 412 miles.....	\$1.00 per ton 2240 pounds.
Rate of freight on COAL, Philadel- phia to Havana, Cuba (by water), 1140 miles.....	1.10 per ton 2240 pounds.
Rate of freight on ORE, Mediterra- nean to Philadelphia-Baltimore (by water), 3700 miles.....	1.25 per ton 2240 pounds.
Rate of freight on COAL, Philadel- phia to Tampico, Mexico (by water), 1954 miles.....	1.35 per ton 2240 pounds.
Rate of freight on SUGAR, Stettin, Germany, to New York (by water), 4600 miles.....	1.40 per ton 2240 pounds.
Rate of freight on WEIGHT GOODS, Rotterdam, Holland, to New York (by water), 3769 miles.....	1.50 per ton 2240 pounds.
Rate of freight on MAGNESITE, New York to Chester, Pa. (by rail—includes lighterage), 108 miles.....	2.12 per ton 2240 pounds.
Rate of freight on COAL, Hoboken, N. J., to Camden, Maine (by water), 435 miles.....	50c. per ton 2240 pounds.
Rate of freight on COAL, Port Reading, N. J., to Bangor, Maine (by water), 410 miles...	50c. per ton 2240 pounds.
Rate of freight on COAL, Perth Amboy, N. J., to Winter Point, Maine (by water), 435 miles....	70c. per ton 2240 pounds.

Allowance by Trunk Line Railroads
to New York refiners of sugar
to cover alleged cost of transfer-
ring one ton of refined sugar from
Brooklyn, N. Y., to Jersey City,
N. J., say lighterage $4\frac{1}{5}$ c. per
100 pounds, cartage 2c. per 100
pounds = $6\frac{1}{5}$ c. per 100 pounds. \$1.39 per ton 2240 pounds.

Rate of freight on WHEAT, New
York to Liverpool, England (by
water), 3450 miles.....\$1.20 per ton 2240 pounds.
Rate of freight on WHEAT, New
York to Manchester, England
(by water), 3545 miles..... 1.20 per ton 2240 pounds.
Rate of freight on CORN, New York
to London, England (by water),
3775 miles..... 1.20 per ton 2240 pounds.
Rate of freight on CORN, New
York to Glasgow, Scotland (by
water), 3423 miles..... 1.20 per ton 2240 pounds.
Rate of freight on WHEAT, New
York to Rotterdam, Holland
(by water), 3769 miles..... 1.30 per ton 2240 pounds.
Rate of freight on CORN, New York
to Copenhagen, Denmark (by
water), 4400 miles..... 1.40 per ton 2240 pounds.
Rate of freight on SALT, Liverpool
to Quebec, Canada (by water),
2970 miles 1.13 per ton 2240 pounds.
Rate of freight on CHALK, Dunkirk,
France, to New York (by water),
3593 miles..... 1.47 per ton 2240 pounds.
Rate of freight on COAL, Philadel-
phia to Savona, Italy (by water),
4300 miles..... 1.53 per ton 2240 pounds.
Rate of freight on SUGAR, Ham-
burg, Germany, to New Orleans,
La. (by water), 5584 miles..... 1.50 per ton 2240 pounds.

Rate of freight on SUGAR, Liverpool to Montreal, Canada (by water), 3167 miles.....	\$1.35 per ton 2240 pounds.
Rate of freight on SUGAR, Matanzas & Cardenas, Cuba, to Brooklyn (by water), 1300 miles.....	1.35 per ton 2240 pounds.
Rate of freight on ORE, Porman, Spain, to Cape Breton (by water), 4000 miles.....	1.16 per ton 2240 pounds.
Rate of freight on COAL, Newcastle on Tyne, England, to Quebec, Can. (by water), 3600 miles.....	1.16 per ton 2240 pounds.

Rate of freight on SIXTH CLASS GOODS:

New York to Elizabeth, N. J. (by rail), 12 miles.....	\$1.12 per ton 2240 pounds.
New York to Perth Amboy, N. J. (by rail), 21 miles.....	1.12 per ton 2240 pounds.
New York to South Amboy, N. J. (by rail), 24 miles.....	1.23 per ton 2240 pounds.
New York to Lorillard, N. Y. (by rail), 33 miles.....	1.56 per ton 2240 pounds.
New York to Freehold, N. J. (by rail), 41 miles.....	1.56 per ton 2240 pounds.
New York to Plainfield, N. J. (by rail), 24 miles.....	1.34 per ton 2240 pounds.
New York to Bound Brook, N. J. (by rail), 31 miles.....	1.56 per ton 2240 pounds.
New York to Long Branch, N. J. (by rail), 50 miles.....	1.79 per ton 2240 pounds.
New York to Atlantic Highlands (by rail), 40 miles.....	1.79 per ton 2240 pounds.

EXHIBIT C.

TRANSPORTATION OF JAVA SUGAR FROM PRODUCER TO CONSUMER.

Place of Shipment.	Destination.	Distance.	Time occupied in movement.		Transportation Rates.	Charge for Transportation per ton 2240 lbs.
			Days.	Hours.		
Samarang, Java.	Liverpool, England.	9,686 miles	50	0	21s. 3d. per ton	\$5.10 per ton
Liverpool, England.	Brooklyn, N. Y.	3,500 miles	15	0	5s. 6d. per ton	1.32 per ton
Brooklyn, N. Y.	Jersey City, N. J.	5 miles	0	5	6½c. per 100 lbs.	1.39 per ton
Jersey City, N. J.	Cleveland, Ohio.	625 miles	5	0	17c. per 100 lbs. Less 6½c. " " drayage & hauling 10½c. per 100 lbs. Net rate Jersey City to Cleveland, Ohio.	2.41 per ton

Total 13,816 miles, Samarang, Java, to Cleveland, Ohio, \$10.22 per ton, equal to 73c per ton per 1000 miles.

Total distance raw and refined sugar carried13,816 miles.
Cost per 1000 miles, average over entire distance,
73c. per ton of 2240 pounds.

Accessorial allowances by New York Trunk Line
Railroads, say 6½c. transferring from Sugar
Refineries, Brooklyn, N. Y., to Jersey City,
N. J., 5 miles, \$1.39 per ton, say on basis of
73c. per 1000 miles equals a distance of..... 1,904 miles.

Rate of Freight, New York (Brooklyn) to Cleveland, Ohio, 17c.
per 100 pounds *of which* the accessorial allowance made to
Sugar Refineries for drayage 2c. and lighterage 4½c. per
100 pounds, aggregating more than 36 per cent. of *Gross
Inland Freight Rate.*

EXHIBIT D.

SUGAR REFINING PLANTS—LOCATED AT NEW YORK, PHILADELPHIA, BOSTON, AND NEW ORLEANS.

AMERICAN SUGAR REFINING CO. (Sugar Trust) Plants owned or controlled.	INDEPENDENT SUGAR REFINERIES.
<p style="text-align: center;"><i>NEW YORK.</i></p> <ol style="list-style-type: none"> 1. American Sugar Refining Co., New York. 2. American Sugar Refining Co., New Jersey. (Havemeyer & Elder, Brooklyn.) 3. American Sugar Refining Co., Jersey City. (Formerly Matthewson & Wickers Sugar Refinery.) 4. National Sugar Refining Co., Yonkers, N. Y. (B. H. Howell Son & Co.) 5. New York Sugar Refining Co., Long Island City. (B. H. Howell Son & Co.) 6. Mollenhauer Sugar Refinery, (Not in operation for 5 years, except as warehouse. B. H. Howell Son & Co.) 	<p style="text-align: center;"><i>NEW YORK.</i></p> <ol style="list-style-type: none"> 1. Arbuckle Brothers, Brooklyn, N. Y. 2. Federal Sugar Refining Co., Yonkers, N. Y. (Smith & Schipper.) 3. Warner Sugar Refining Co., Edgewater, N. J.
<p style="text-align: center;"><i>PHILADELPHIA.</i></p> <ol style="list-style-type: none"> 7. Spreckles Sugar Refining Co., 8. Franklin Sugar Refining Co., (Has not refined sugar for 10 years.) 9. Pennsylvania Sugar Refining Co. (Refinery completed but never operated. Controlled through loans.) 	<p style="text-align: center;"><i>PHILADELPHIA.</i></p> <ol style="list-style-type: none"> 4. W. J. McCahan Sugar Refining Co.
<p style="text-align: center;"><i>BOSTON.</i></p> <ol style="list-style-type: none"> 10. American Sugar Refining Co. 	<p style="text-align: center;"><i>BOSTON.</i></p> <ol style="list-style-type: none"> 5. Revere Sugar Refining Co.
<p style="text-align: center;"><i>NEW ORLEANS.</i></p> <ol style="list-style-type: none"> 11. American Sugar Refining Co., 12. American Sugar Refining Co., (New refinery nearly com- pleted at St. Bernard Parish, New Orleans; is understood to be of largest refining capacity of its kind in the World.) 	<p style="text-align: center;"><i>NEW ORLEANS.</i></p> <ol style="list-style-type: none"> 6. Henderson Sugar Refining Co.

EXHIBIT E:

PORT DIFFERENTIALS—DIFFERENTIAL INLAND FREIGHT RATES.

An Advisory Commission in 1882, at the instance of the Trunk Line Railroads, as then constituted, and of the principal Commercial Organizations located at North Atlantic Ports, passed upon the subject of differential inland rates of freight to or from the respective ports.

Subsequently The Interstate Commerce Commission, upon no less than three different occasions, has, at the request of numerous interested parties, acted in the capacity of arbitrator to review and pass upon phases of the differential situation as developed, and among other features to decide whether conditions that prevailed as long ago as in 1862 were still pertinent and justified the current differential rates of inland freight as between the respective Ports.

The sworn testimony of officials of Trunk Line Railroads, and of prominent Commercial interests, recently submitted to The Interstate Commerce Commission, has demonstrated that their several decisions have been ignored, and that for a long period differentials have not in actual practice been accorded the Ports of Philadelphia and Baltimore.

Might it not be an act of discretion and wisdom on the part of The Commission, in its advisory capacity, to now intimate that the time has arrived when in its judgment the disturbing factor of differentials might be eliminated without injustice to any of the various interests involved? It certainly is a subject for very serious consideration whether the further continuance of nominal or "sentimental" factors has other than a demoralizing influence.

Unquestionably the nominal differentials conceded to Philadelphia and Baltimore have been used at New York as a pretext for rebating, and also for the assumption of accessorial charges by Trunk Line Railroads. Would not the general inland freight situation be cleared, and conditions materially simplified, if this disturbing, intangible, factor of differentials was eliminated?

It has certainly been the means of complicating innumerable situations when interjected into local freight conditions.

In Philadelphia it would seem that the trinity, represented by shortest inland distance, by moderate grades, and by proximity to fuel along the line of transportation, form an aggregation which, if intelligently and vigorously availed of in its relations to this community, should assure to it an equitable, ratable share of the export and import commerce that naturally seeks the most economic and expeditious point on the Atlantic Seaboard for interchange between inland and ocean carriers.

For over thirty years New York Trunk Line Railroads at New York have uninterruptedly manipulated charges, expenses, services, and allowances upon GRAIN on substantially similar lines to those recently testified to under oath, in connection with cartage and lighterage (accessorial allowances), on sugar at New York.

More intelligent, legitimate, scientific mixing of Grain is done in New York Harbor in a single month, than is done in a whole year in the balance of the North Atlantic Ports. Let the mixing of grain at New York go ahead untrammelled as heretofore; let them mix to their heart's content; BUT, let The Interstate Commerce Commission forthwith stop the Trunk Line Railroads from mixing the terminal charges and allowances for handling grain at New York, with the nominal inland rates of freight.

UNIVERSITY OF ILLINOIS-URBANA



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